

**EXHIBIT D**

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF DELAWARE

UNITED STATES DEPARTMENT OF  
HEALTH AND HUMAN SERVICES,

Plaintiff,

v.

SOUTHERN DELAWARE CENTER  
FOR CHILDREN AND FAMILIES, INC.  
ET AL.,

Defendants.

Civil Action No. 05-809

DECLARATION of ROBERT SULLIVAN

**I am the Grants Officer, Region III, Administration for Children and Families (ACF) within the Department of Health and Human Services. I have held this position since 1989.**

In my capacity, I oversee the grant application, award and management activities associated with 163 Head Start programs in six states: Pennsylvania, Delaware, Maryland, the District of Columbia, Virginia, and West Virginia.

On October 28, 2005, with the concurrence of Joan Ohl, Commissioner, Administration on Children, Youth and Families, Administration for Children and Families, ACF notified Frank Ogundare, President, Board of Directors, Southern Delaware Center for Children and Families (Southern Delaware) that ACF was summarily suspending all Federal financial assistance. ACF suspended financial assistance to Southern Delaware because the grantee failed to abide by the terms and conditions of the Head Start grant and failed to comply with required reporting requirements.

**The October 28, 2005 suspension notice to Southern Delaware informed the grantee that ACF had appointed an interim grantee to operate the Head Start program.**

On November 3, 2005, with the concurrence of Commissioner Ohl, ACF issued a notice to terminate the Head Start grant of Southern Delaware. The termination notice was issued with Southern Delaware's Follow-up Review Report which determined that Southern Delaware had not corrected serious deficiencies in its Head Start program first identified during a triennial onsite review conducted in May 2004.

During a telephone conversation on September 22, 2005 the Southern Delaware Executive Director told the Regional Office Head Start Program Specialist that

Southern Delaware might not have sufficient funds to meet its mid-October Head Start payroll. During the next several days the grantee revised its operating budget twice. In response to requests from the Regional Office to clarify Southern Delaware's financial situation, the Executive Director, in an e-mail dated October 3, 2005 stated, "The last day of services would be November 4" if the agency did not receive substantial outside funding. **As of October 3, 2005** the Regional Office estimated that the grantee's Head Start deficit was approximately \$250,000.

Because Southern Delaware would provide only vague and ever-changing accounts of its financial situation, ACF conducted an on-site review on October 26 and 27, 2005 to determine exactly what funds remained to support services for the balance of the budget period – from October 26 through December 31, 2005. (See attached letter dated October 24, 2005 from Robert Sullivan to Frank Ogundare.) The review revealed that the grantee had just \$5,560.37 in its operating account at Wilmington Trust and \$63,674 in its account with the HHS Division of Payment Management.

By November 1, 2005 Southern Delaware drew the rest of the Head Start grant funds from the HHS Payment Management account System leaving it with a "zero" balance. Southern Delaware ended services to Head Start children on November 2, 2005.

On October 28, 2005 and on numerous subsequent occasions, David Lett, the Regional Administrator, made attempts as did other members of the Regional Office staff and representatives of the **interim grantee**, Community Development Institute (CDI), to obtain access to facilities, vehicles, property, equipment and supplies purchased with Head Start funds as well as children's records. All of the requests were made with the intent of transferring Head Start property, equipment, and supplies to CDI so it could continue Head Start services – to make sure there was an orderly transfer of the program from Southern Delaware to CDI so Head Start services would not be disrupted. To date, Southern Delaware has given CDI access to the Milford Head Start Center and its contents. Southern Delaware has also signed an agreement with CDI to allow CDI to use the Head Start vehicles until titles are transferred to CDI, **but has provided keys to only two of eight vehicles and not transferred any titles to them as of November 22, 2005.** To date, Southern Delaware has also refused to turn over to CDI equipment and supplies that were purchased with Head Start funds, and refused to provide CDI with access to two facilities that were leased through the end of 2005 with Head Start funds, namely the Lavery Lane Child Care Center at 2 Lavery Lane, Bridgeville, Delaware 19933 and the Southern Delaware Administrative Office at 18907 Unit 4 Maranatha Way, Bridgeville, Delaware 19933. Southern Delaware has also refused to provide CDI or ACF access to its records.

Aside from numerous telephone calls to Southern Delaware's Executive Director and Board President, the following list includes requests **by ACF and CDI** for transfer of Head Start property, and meetings when requests for transfer and access to property, equipment and records were discussed:

- **An October 28, 2005 letter to Frank Ogundare from Head Start Manager Edward Vreeswyk specifying instructions for transferring property, equipment and supplies as well as children's records.** (attached)

- A November 1, 2005 meeting with Southern Delaware Management staff per Edward Vreeswyk's October 28, 2005 letter. **The meeting included David Lett, Regional Administrator, Edward Vreeswyk, myself and other Federal representatives, CDI and Southern Delaware management representatives.**
- A November 8, 2005 letter to Carolyn Williams from CDI requesting information and property. (attached)
- A November 9, 2005 letter to Frank Ogundare from Mr. Lett requesting property and equipment. (attached)
- A November 10, 2005 letter to Frank Ogundare from Mr. Lett demanding property and equipment. (attached)
- A November 15, 2005 **meeting with the Board.** During this Board Meeting, Mr. Lett made several verbal requests for Head Start property, equipment, supplies, leases, and children's records. Frank Ogundare gave Mr. Lett the keys to the Milford Center at the close of the Board Meeting. Charita Okorafor, Director of Services at Southern Delaware agreed to meet with CDI representatives on November 17 to turn over vehicle titles, if available, and discuss the status of the leased Administrative Office at Bridgeville and Lavery Lane center. Mr. Lett asked the Board and Ms. Okorafor to be prepared to discuss Head Start enrollment as well and transferring children's records. According to CDI, Ms. Okorafor, telephoned on November 17 and said all of the records are in boxes, **that she had looked all morning for the titles and couldn't find them and didn't know where the keys for the vehicles were.** The anticipated meeting was not held.
- On November 21, 2005 Frank Ogundare signed an agreement with CDI giving CDI permission to use the Head Start vehicles until the titles are transferred. Mr. Ogundare provided keys to two of the buses on November 22, 2005, but refused to turn over any other keys.
- On November 22, 2005, during a telephone conference call with a Child Care Licensing Specialist with the State of Delaware, it was determined that the license for the Milford Head Start Center might be issued as soon as November 23, 2005, but more likely on November 28, 2005. CDI intends to open the Milford facility and resume Head Start services to some children as soon as the State issues the license. CDI also plans to expand the number of children receiving services once it has access to the other facilities, equipment, buses, supplies and records.

**Without access to the vehicles, equipment, supplies, facilities and records currently in the possession of Southern Delaware, CDI will continue to encounter substantial barriers to resuming services and children will be deprived of Head Start. Children have already lost 15 days of Head Start because of Southern Delaware's unwillingness to make the Head Start**

classrooms, equipment and busses available to CDI. Since 75 percent of the children participate in Head Start for just one academic year, lost Head Start days can not be replaced and children are losing valuable learning opportunities everyday.

Head Start is provided to three and four year old children in classrooms and most of the children participating in Head Start in western Sussex County rely on the Head Start grantee to provide transportation to and from their homes everyday. By the same token, Head Start children use special class room and other specially designed equipment that is developmentally appropriate and of a size suitable for young children.

Space and facilities suitable for early childhood services that can meet Delaware licensing standards in Sussex County are limited. Even if space suitable for early childhood classrooms could be obtained by CDI, substantial time would be required for building renovation and for completion of zoning requirements as well as code, safety and licensing inspections. Without the equipment and supplies already purchased with Head Start funds, new equipment and supplies would have to be ordered adding further delay to resuming Head Start.

Children's records contain essential information including health records, (all of the children should have completed comprehensive health and dental screenings). Children's records also contain critical information regarding assessment of children's developmental stages, language development, cognitive assessments and individualized developmental plans. Children's records also include family assessments and other key information about parent and emergency contacts. Since most of the children previously enrolled in Head Start will return to the program, it would cost children valuable Head Start time to reconstruct the records or complete all of the health screenings and assessments again.

In accordance with 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Dated this 23<sup>rd</sup> day of November 2005.

  
Robert Sullivan



**DEPARTMENT OF HEALTH & HUMAN SERVICES**  
**Administration for Children and Families, Region III**

Suite 864  
150 S. Independence Mall West  
Philadelphia, PA 19106-3499

Mr. Frank Ogundare, Board Chairperson  
Southern Delaware Center for Families & Children  
P.O. Box 567  
Bridgeville, DE 19933

OCT 24 2005

Reference: Head Start Grant  
Grant No.: 03CH0016/24  
Budget Period: 01/01/05-12/31/05

Dear Mr. Ogundare:

The Regional Office has attempted on several occasions to obtain a clear understanding of the budgetary shortfalls of your program since learning that you would exhaust all funds on or about November 4, 2005, which is 57 days prior to your program end date of December 31, 2005.

The correspondence that you sent to our office is insufficient for making a determination of financial solvency for your program through year end. Therefore, in order to obtain a clear understanding of the financial status of your program, Trisha Smith, the Regional Financial Management Specialist assigned to your program and Tommie-Mae Byers, Contract Fiscal Specialist will visit your program's fiscal and executive staff in your administrative office on Maranatha Way on Wednesday, October 26<sup>th</sup>, 2005 at 8:30 a.m.

Please have the following information available for Ms. Smith and Ms. Byers to review:

- Documentation of any non-Federal Head Start funds obtained since September 27, 2005,
- Balance of funds on-hand in all accounts, including PMS as of October 26, 2005,
- Sources of current funds on hand,
- Bank statements for July, August, and September 2005,
- PSC Form 272 for the periods ending June and September 2005,
- Documentation of actual or expected income from other sources from October 26 through December 31, 2005,
- Schedule of expenditures and amounts from September 27 to October 26, 2005,
- Unpaid obligations currently due or payable to November 4, 2005,
- Unpaid obligations from November 4 through December 31, 2005,
- Payroll register for August, September, and October 2005,
- Cash disbursements journal,
- Accounts receivables journal,
- Monthly financial reports for August and September 2005,
- IRS Form 941 and corresponding tax deposit documentation,
- Documentation of 2005 COLA disbursement,
- Staff roster, including staff on board as well as vacant positions, as of October 26, 2005, and,

- Current organizational chart with names, locations and hours worked, and vacant positions.

We expect this visit to take no longer than one and one half days. It is imperative that you readily provide all the information listed above for this review.

Thanks in advance for your cooperation in this matter.

Sincerely,



Robert Sullivan  
Grants Officer

cc: Carolyn Williams, HSD





**DEPARTMENT OF HEALTH & HUMAN SERVICES**  
**Administration for Children and Families, Region III**

Suite 864  
150 S. Independence Mall West  
Philadelphia, PA 19106-3499

Mr. Frank Ogundare, Board Chairperson  
Southern Delaware Center for Families & Children  
P.O. Box 567  
Bridgeville, DE 19933

OCT 28 2005

Reference: Head Start Grant  
Grant No.: 03CH0016/24  
Budget Period: 01/01/05-12/31/05

Dear Mr. Ogundare:

As indicated on the Summary Suspension, the Administration for Children and Families (ACF) will take responsibility for the grant served by your program on November 4, 2005. Community Development Institute (CDI), the National Interim grantee and will assume all responsibility for the grant starting on November 4, 2005. A smooth transition for the children, families and employees of your agency is our goal. The cooperation of the Board, your management staff and employees of your agency will be essential at this time of transition.

In order to facilitate this transition, I ask that you provide me with the following information by e-mail. Please send by e-mail where noted below this information to [EVreeswyk@acf.hhs.gov](mailto:EVreeswyk@acf.hhs.gov). Also, as noted below, please retain information for the transition team upon their arrival on November 01, 2005 in your administrative office in Bridgeville, Delaware on November 01, 2005 at 10:00 AM.

Please E-mail your grantee contact names, and contact information including a staff member and a Board of Director representative who are the transition leads and key points of contact.

The following information is requested by October 31, 2005 or as indicated above:

Please e-mail the following using the attached spreadsheets:

- An accurate list of the following:
  - Full names of employees
  - Social Security #'s
  - Job Titles
  - Job Locations
  - Wages/hour
  - Exempt/Non-Exempt status
  - Hours worked per week
  - Weeks worked per year
- A completed Insurance Information Form (attached) -- this will determine insurance needs.



Page Two: Mr. Ogundare

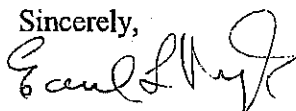
- A list of all staff that as of the transition date will be on Family Medical Leave Act (FMLA), Workman's Compensation Leave, on Suspension, or other Leaves along with the above information, and reasons for leave.
- An inventory list of furniture, equipment, valued over \$500 including vehicles.
- A copy of the organizational chart.

Please have the following information available on-site, in separate folders, for the Transition Team arrival.

- A copy of building lease agreements/deed transfers/and other contracts for services (janitorial, food service, transportation, mental health, etc.)
- A copy of the state child care license application and contact information for state licensing representative. If the Fire Marshall and Sanitation/Health Dept. need to be contacted first, please provide that contact information also. Copies of the licenses for each of the facilities.
- A copy of your Child Care Food Program application, and contact information for this program in your state.
- A list of actively used vendors, addresses, phone numbers (grocery stores, office supply stores, gas card companies, cell phone providers, utility companies, telephone service, etc.)
- All vehicle titles.
- HS center, street address, telephone number, fax number, center supervisor's name, e-mail address, # children served, hours/days of care, ages served,
- A copy of the Personnel Policy Manual or Handbook.
- A copy of the program calendar.
- A copy of staff health/dental insurance package, including employer paid rates and employee paid rates.

I have sent via e-mail a spreadsheet (and attachment for your reference) that will assist you in some of the tasks listed above. Please contact me at 215-861-4040 if you have any questions about this correspondence.

Sincerely,



Edward Vreeswyk  
Program Manager, Head Start

cc: Carolyn Williams, HSD  
attachment

# COMMUNITY DEVELOPMENT INSTITUTE HEAD START INSURANCE REQUEST FORM

Program Name:

Program Location:

Requested Effective Date:

*Please complete all sections in full. This information is for the purpose of obtaining insurance coverage for this program. If the information is not known please put "unknown". Questions? Call 720-747-5135 Lyn Rogers, NIC Program Assistant. If you have a copy of the declaration page from the prior insurance, please include it.*

## General Information

Site Names below:

Street Address:

City, State, Zip:

County:

Describe Use of Site:

office, program, etc.

Was this Facility purchased

with Head Start dollars?

If bought with Federal Head Start \$, s,

estimated building replacement cost?

## Building Information

Site Names below:

Is the building Leased? Or In-kind?

Attach Lease or User Agreement

Building size (sq ft)

# of stories

What is the bldg made of? (wood, brick etc)

Fire Extinguishers? yes/no type (if available)

Smoke Detectors? yes/no type (if available)

# COMMUNITY DEVELOPMENT INSTITUTE HEAD START INSURANCE REQUEST FORM

Contents/Students List new equipment to be added and Estimated replacement cost of current contents # of students # of students # of days per year Average Daily Attendance and Licensed Capacity

List Site Names below:

Estimate replacement cost

cost of current contents

UNDER age 7

OVER age 7

this Site provides services

and Licensed Capacity

Auto Liability-use a separate sheet of paper if needed.

Vehicle Vin #	Vehicle Description-Make/Model	Vehicle Year	# Passengers	Cost New	Garage Location	Describe how vehicle is used:
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Authorized Drivers' List use a separate sheet of paper if needed.

Drivers' Name (as it is on drivers' license)

Drivers' License #

who issued

State Drivers' Date of Birth

State

## **Additional Needed Attachments:**

\*Census listing employee name, job title, annual salary, site name

\*List of employees currently on leave and not actively at work

(include work comp & Family/Med leave

\*Copies of current insurance coverage-including medical, life, liability

workers' compensation (example: declaration page, plan outline)

# COMMUNITY DEVELOPMENT INSTITUTE HEAD START INSURANCE REQUEST FORM

Benefits

Medical  
Dental  
Vision  
Workers' Comp  
Liability Insurance  
Student Accident

Carrier

Street Address:

City

State, Zip:

Annual \$'s budgeted for premium

Eligibility: # of hours per wk required?

Medical Employee; Employee/Child;  
Employee/Spouse; Fam

Dental Employee;  
Employee/Child;  
Employee/Spouse; Fam

Vision

Other

Workers' Comp

Liability Insurance

Employer pd monthly cost  
Employee amt for 12 mo Empl  
Employee amt for 10 mo Empl  
40-hrno Employee prepayment \$  
COBRA over summer Y/N

Med-% cost Employee Pd  
Dent-% cost Employee Pd  
Vision-% cost Employee Pd

How do you currently handle coverage for employees on lay-off over the summer?

Beginning date and ending date of normal summer break?

Beginning Date:

Ending Date:

## INTRODUCTION:

The above information is being gathered by CDI Head Start at the request of the Federal Bureau.  
We have been asked to provide insurance and all questions on the form need to be answered so we can get a quick and accurate quote.  
Please contact Lyn Rogers, NIC Program Assistant at CDI Head Start with any questions. Her direct number is 720-747-5135.  
Fax: 720-747-5148 Email: [logers@cdiheadstart.org](mailto:logers@cdiheadstart.org)

Thank you for your assistance and prompt reply to our request for information.



**Community Development Institute  
HEAD START**

**National Interim Grantee Contract**  
9745 E. Hampden Avenue, Suite 310  
Denver, CO 80231  
(877) 789-4900 \* Fax (720) 747-5148

November 8, 2005

Carolyn Williams  
Executive Director  
Southern Delaware Center for Children & Families  
24143 Kings Road  
Seaford, DE 19973

Dear Ms. Williams:

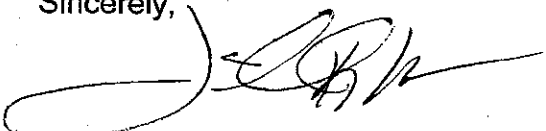
Community Development Institute Head Start (CDI HS) is responsible for interim administration of the Head Start program in Western Sussex County, effective November 4, 2005. Last week, the Regional Office and CDI Head Start attempted to meet with the Board, Policy Council and management team to discuss necessary steps in successfully transitioning the administration of this program. Our efforts to meet with the Board and Policy Council were unsuccessful. Our meeting with the management team was brief and progress in transitioning the program was interrupted.

It is the goal of CDI HS to continue Head Start services in this community with little to no disruption. To be successful in the immediate continuation of services, CDI HS must obtain certain pieces of information from the Board. This information was detailed in a letter from Ed Vreeswyk on October 28, 2005. Continuity of services is extremely important to CDI HS and we are making every effort to work with Southern Delaware Center for Children & Families to make this happen. We are working to provide services in the same facilities, using the same vehicles, employing the same staff and with the same community vendors and contractors.

Children and families enrolled in the Head Start program have already lost 4 days of Head Start services. In order to minimize the impact on the children and families, CDI HS is eager to begin meetings with you and the Board to expedite the transition and provision of Head Start services with continuity.

CDI HS requests to meet with you and the Board on Friday, November 11, 2005 at 10:00 am. If this date and/or time is not possible, please advise me of an alternate date and/or time upon receipt of this letter. Please respond to this meeting request within 24 hours of receipt. This response should be emailed to me at [jbryan@cditeam.org](mailto:jbryan@cditeam.org)

Sincerely,



Jill K. Bryan  
Assistant Director – Program Development

CC:

David Lett, Regional Administrator, ACF  
Ed Vreeswyk, Program Manager, AFC  
Bob Curatola, Program Specialist, ACF  
Karen McKinney, Replacement Grantee Coordinator, ACF  
Frank Ogundare, Board President, Southern Delaware Center for Children & Families



**DEPARTMENT OF HEALTH & HUMAN SERVICES**  
**Administration for Children and Families, Region III**

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Suite 864  
150 S. Independence Mall West  
Philadelphia, PA 19106-3499

November 9, 2005

Mr. Frank Ogundare, President  
Board of Directors  
Southern Delaware Center for Children and Families  
1424 Shiloh Church Road  
Laurel, Delaware 19956

And

Mr. Frank Ogundare, President  
Board of Directors  
Southern Delaware Center for Children and Families  
18907 Unit 4 Maranatha Way  
Bridgeville, DE 19933

Dear Mr. Ogundare:

I am writing to ask you to contact me upon receipt of this letter to make arrangements to transfer property and equipment purchased with federal Head Start funds and children's Head Start records currently in the possession of Southern Delaware Center for Children and Families (Southern Delaware).

As the President of the Board of Directors you were notified by letter dated October 28, 2005 that the Head Start grant to Southern Delaware was summarily suspended and by letter dated November 3, 2005 that the Head Start grant is terminated.

Administration for Children and Families representatives have repeatedly requested the cooperation of Southern Delaware to provide information and to facilitate the transfer of property, equipment and supplies purchased with federal funds and children's Head Start records by letter dated October 28, 2005, (attached) and in a meeting with Ms. Carolyn Williams, Executive Director, on November 1, 2005 held in the Bridgeville, Delaware office. I left at least ten voice mail messages at your home and two at your place of employment since November 1, 2005 all asking for your cooperation to transfer federal property,



Page Two Mr. Ogundare (continued)

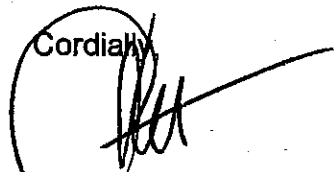
equipment, supplies and records. Unfortunately, our requests and my telephone messages have gone unanswered. Despite our repeated requests, Southern Delaware officials have not demonstrated any willingness to return property, equipment, supplies or records that rightfully belong to the Federal Government.

The Administration for Children and Families is exercising its rights to require the transfer of property, per 45 CFR 74.32 (c)(3) and equipment per 45 CFR 74.34(h) acquired with federal Head Start funds to an eligible third party, in this case Community Development Institute (CDI).

It is the intention of the Administration for Children and Families to transfer the property, equipment, supplies and children's records to CDI to continue Head Start services to children in Sussex County.

Please contact me at (215) 861-4741 upon receipt of this letter to make immediate arrangements to transfer all property, equipment, supplies purchased with federal Head Start funds and children's Head Start records.

Cordially,



David J. Lett  
Regional Administrator

attachment



**DEPARTMENT OF HEALTH & HUMAN SERVICES**  
**Administration for Children and Families, Region III**

November 10, 2005

Suite 864  
150 S. Independence Mall West  
Philadelphia, PA 19106-3499

Mr. Frank Ogundare, President  
Board of Directors  
Southern Delaware Center for Children and Families  
1424 Shiloh Church Road  
Laurel, DE 19956

And

Mr. Frank Ogundare, President  
Board of Directors  
Southern Delaware Center for Children and Families  
18907 Unit 4 Maranatha Way  
Bridgeville, DE 19933

Dear Mr. Ogundare:

In accordance with the regulations at 45 C.F.R. § 74.34(h) and .35(a), the Administration for Children and Families (ACF) hereby orders the Southern Delaware Center for Children and Families (Southern Delaware) to take the following action on or before 5:00 pm on November 14, 2005: transfer title to and possession of all vehicles, equipment and supplies acquired with Head Start funds to the interim grantee, Community Development Institute (CDI), including the modular building located in Milford, Delaware for which ACF provided funding in the amount of \$276,000.

Also by 5:00 pm on November 14, 2005, in accordance with 45 C.F.R. § 74.53(e), ACF orders Southern Delaware to provide ACF and its representatives, including CDI, unrestricted access to any books, documents, papers or other records of Southern Delaware that are pertinent to its Head Start award.

Should Southern Delaware fail to comply with this request, ACF will refer this matter to the United States Attorney's Office for appropriate legal action.

Please contact me at (215) 861-4741 to arrange for the delivery of the aforementioned items.

Cordially,

  
David J. Lett  
Regional Administrator